

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 IO-14 ABF-01 OMB-01 TRSE-00 AID-20

PM-07 NSC-07 SP-03 SS-20 RSC-01 L-03 CIAE-00 INR-11

NSAE-00 DODE-00 NEA-14 EUR-25 DRC-01 /143 W

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R 030250Z AUG 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 7429

C O N F I D E N T I A L SAIGON 10217

E.O. 11652: GDS

TAGS: MARR, VS, AFIN

SUBJECT: ICCS FINANCES

REF: STATE 162898

(FIRST US CHECK OF MAY 20 WAS ADDED TO ICCS FUNDS ON HAND WHICH
TOTALLED \$348,112 AS OF MAY 13. SEE SAIGON 6962 AND 7179 FOR
DISCUSSION OF CIRCUMSTANCES SURROUNDING DISBURSEMENTS FROM THIS
AMOUNT. IRANIANS HAVE NOW INFORMALLY PROVIDED US WITH ICCS FINANCE
DIRECTORATE RECORDS SHOWING FOLLOWING MAJOR DISBURSEMENTS AFTER
RECEIPT THIS CHECK:

2. AIR AMERICA	\$394,168.09
PA&E	352,734.35
ITT/FEC	46,088.98
SEALANTIC	4,406.59
ASSOCIATED ENTERPRISES	146,624.62
INDEX	5,318.62
AMERICAN ENTERPRISES	16,441.00
VIETNAMESE EMPLOYEES	
SALARIES	51,730.00
COMPENSATION	15,000.00

3. SAIGON 7179 ALSO MENTIONS PAYMENT OF \$12,000 TO CITROEN WHICH
NOT LESTED IN LAST RECORD SHOWN TO EMBOFF.

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4. PAYMENT OF \$80,000 FOR DELEGATION REIMBURSEMENT FROM THIS CHECK WAS AUTHORIZED.

5. TOTAL OF THE ABOVE PAYMENTS PLUS SERIES OF SMALL DISBURSEMENTS FOR INDIVIDUALLY LISTED SALARIES, NEWSPAPERS, ETC., TOTALS \$1,123,899.85, SOMEWHAT UNDER ESTIMATE OF \$1,246,885 GIVEN IN SAIGON 7179.

6. FOLLOWING RECEIPT OF OUR CHECK OF JUNE 15, FOLLOWING PRINCIPAL DISBURSEMENTS WERE MADE:

AIR AMERICA	\$396,544.63
PA&E	352,172.86
ITTXFEC	83,995.73
XEROX	24,790.87
ASSOCIATED ENTERPRISES	40,215.21
INDEX	21,702.88
VIETNAMESE EMPLOYEES	
SALARIES	21,262.00

THESE DISBURSEMENTS PLUS THOSE FOR INDIVIDUAL SALARIES, PUBLIC UTILITIES, ETC., FOLLOWING RECEIPT OF OUR JUNE 15 CHECK TOTALLED \$951,574.18.

7. ICCS ACTING DIRECTOR GENERAL HAS INFORMED US THAT AS OF JULY 16 (MOST RECENT STATEMENT AVAILABLE) FOLLOWING DEBTS TO CONTRACTORS WERE DUE FOR PAYMENT:

8. AIR AMERICA	\$1,322,113.12
PA&E	1,040,028.96
ITT/FEC	178,492.97
SEALANTIC	4,671.72
XEROX	53,340.57
GEO-HYDRO	305.76
VIETNAM POWER CO.	3,926.46
ROCKDEL	13,298.60
INDEX	4,316.46
OTHER VIETNAMESE	83.80
OTHER US	137.56
TOTAL	\$2,620,705.98

9. IN ADDITION, ICCS DELEGATIONS ARE DEMANDING REIMBURSEMENT, CONFIDENTIAL

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IN PARTICULAR FOR THEIR SUPPLEMENTARY FOOD PAYMENTS (PER DIEM) WHICH AMOUNTED TO \$2,278,112.00 AS OF JULY 16. (THIS FIGURE DOES NOT INCLUDE OTHER DEBTS OWED TO DELEGATIONS SUCH AS AIR FARE COSTS INITIALLY BORN BY NATIONAL AIR LINES OR AIR FORCES.)

10. THIRD US CHECK OF JULY 17 HAS JUST BEEN RECEIVED BY CHARTERED BANK IN NEW YORK AND ACTING DIRECTOR GENERAL STATES DISBURSEMENTS ARE BEING MADE TO MAJOR CREDITORS INCLUDING COMPLETE LIQUIDATION

OF ITT/FEC DEBT, PAYMENT OF \$400,498.78 TO PA&E, \$448,000 TO AIR AMERICA, AND \$100,000 TO OTHERS. MEANWHILE, IN LAST TWO WEEKS LARGE ADDITIONAL BILLS FROM AIR AERICA AND PA&E HAVE BEEN ARRIVING IN ICCS, SO THAT EVEN AFTER PAYMENTS BEING MADE THIS WEEK, ICCS WILL STILL OWE AIR AMERICA AND PA&E EACH OVER \$1 MILLION.

11. IN ADDITION TO THE AMOUNT REFERRED TO IN PARA 4 ABOVE A TOTAL OF \$300,000 HAS BEEN SET ASIDE FROM TOATL FUNDS AVAILABLE TO ICCS FOR REIMBURSEMENT TO NATIONAL DELEGATIONS OF A SMALL PORTION OF TOTAL DEBTS OWED TO THEM.

12. WE WILL ISSUE CHECK FOR THE REMAINING \$400,000 TO ICCS ON MONDAY, AUGUST 5.

13. IT IS SELF EVIDENT FROM THE ABOVE THAT THE ICCS FINANCIAL CRISIS DEEPENS AS INDEED WE HAVE PREDICTED. THE SOLUTION WE HAVE RECOMMENDED AND STILL RECOMMEND IS SUBSUMING THE ICCS CONTRACTS WITHIN THE USG CONTRACTS WITH THE SAME COMPANIES. OTHER THAN A GENERALIZED REFERENCE TO LEGAL AND ADMINISTRATIVE PROBLEMS, WE HAVE NOT BEEN TOLD WHY THIS CANNOT BE DONE. FAILING A MORE PERMANENT SOLUTION WE RECOMMEND DEPARTMENT MAKE ADAILABLE TO US \$4 MILLION CRA FUNDS FOR FIRST QUARTER FY 1975 WHICH WE WILL DOLE OUT IN MANNER MOST SUITED TO KEEP THE PATIENT ALIVE.
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